

CHAPTER 7

EXTENSION OF GOVERNMENT AUTHORITY AND NATIONAL RECOVERY

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Introduction

Sierra Leone is blessed with a wide variety of natural and human resources, which should have underpinned the sustainable development of the country. Despite the wealth of natural resources, poverty is endemic in Sierra Leone, and the human development and social indicators are among the worst in the world. Some 85 per cent of the population are estimated to be living in extreme poverty, the causes of which are many and varied, though the most salient thereof are the interrelated factors of decades of misgovernment, limited access to economic opportunities because of social exclusion and institutional constraints, and the past eleven years of conflict. The latter resulted not only in loss of life and limb, widespread poverty and destroyed infrastructure, but also in a severe degradation of national capacity for governance and recovery.

According to the United Nations Secretary-General, the gradual and phased draw-down of UNAMSIL will provide the government of Sierra Leone the opportunity to build its capacity and mobilise the resources needed to address not only the consequences of the war, but also its root causes. At the same time, the government will have to face the twin challenges of addressing the remaining emergency relief needs of the population, and of rebuilding the economy.¹

The essential determinant of peace mission success is, arguably, the extent to which a coherent, legitimate government exists or can be created. Such a government is the key to the provision of security, justice, economic and social functions, as well as to channelling the will and resources of the indigenous population and the concerned elements of the international community.² The first challenge for UNAMSIL is obviously to help ensure that the government indeed develops the ability to deliver the security, economic, social, political and justice goods that the public demands, and it is this aspect that preoccupies the present phase of the mission's engagement. However, UNAMSIL, the UN, and interested parties in the broader international community, are dealing with

profound issues of governance, with underlying challenges that are not amenable to quick solutions – such as endemic poverty. Moreover, there is a great disparity in the means available for dealing with the short-term security issues and the long-term recovery challenges.³

Economic recovery

During 2000 the Sierra Leone economy grew at a rate of 3.8 per cent, compared to an 8.1 per cent contraction in 1999. By 2002 economic growth reached an impressive six per cent. Inflation has also improved, with a 2.7 per cent decline in prices in 2000 compared to a nearly 37 per cent increase the year before. According to the World Bank the country experienced zero per cent inflation in 2002. Enhanced government control over the diamond trade undoubtedly contributed to the signs of economic upturn.

On 21 September 2001 the International Monetary Fund (IMF) announced that it had approved a three-year, \$169m loan, to Sierra Leone to assist with economic recovery. The loan is to be used to support a poverty reduction strategy that was designed with the support of the IMF and the World Bank. The programme aims to increase economic growth to rates of six to seven per cent annually. Substantial as this assistance may seem, it falls far short of the present annual budget of \$700m for UNAMSIL – the bulk of which is spent on reimbursements for the troop contributing countries.

While the World Bank is custodian of a multi-donor trust fund for Sierra Leone, and has approved a substantial transitional assistance programme for the country, the United Nations Development Programme (UNDP) has been present in Sierra Leone for some 40 years. For the next 18 months the UNDP will focus on the following three key areas of development:

- direct support to the National Recovery Strategy (including support for reintegration);
- resuscitation of governance structures; and
- poverty reduction.⁴

In terms of governance, the immediate challenge is to decentralise administration through the resurrection of local government. This will entail the staging of district council elections and the extension of public service to all districts. The judiciary and the police are obviously a high priority.

The UNDP is providing policy level support for poverty reduction, among others through the development of a paper outlining the UN strategy to support national recovery and peace-building over the years 2003 to 2007. One of the major challenges involves the creation of employment opportunities in a country where only 20 per cent of the economically active population are wage employed (with far more than this trying desperately to make a living in the informal sector). Increases in public sector employment will only be marginal, so any meaningful increase in employment will depend on economic growth that is led by private sector investment (especially labour-intensive enterprises).

The revival and expansion of the private sector is easier said than done, and the UNDP recognises that this requires a secure environment, economic stability, and investor protection. This is somewhat of a catch 22 situation, as the absence of gainful employment and income opportunities is itself a threat to the very stability that is a prerequisite for investment. As it will take some years to foster the conditions for sustained, long-term investment, UNDP has prioritised interim assistance in several areas that will hopefully stimulate sufficient productive economic activity to absorb at least some of the labour force. These include:

- The provision of micro credit and the promotion of vocational and technical skills training for self-employment;
- Labour-intensive public works programmes for upgrading and extending the social and economic infrastructure, especially in the rural areas; and
- Support for small farmers to enable them to achieve food security and to gain a cash income as soon as possible.

It is foreseen that humanitarian aid will taper off towards the end of 2002 (depending of course on the security situation on the Liberian border), and will have to be replaced by development aid. Regarding the conditionality of such aid, perceptions of corruption remain important. However, Sierra Leone has had a good rating on its macro-economic policy over the past three years, and the country's human rights record is now satisfactory.⁵

The largest bilateral donor to Sierra Leone, the United Kingdom, is supporting an extensive programme, including reconstruction of war-damaged areas, reintegration of former combatants, training and strengthening of the police and armed forces, judicial reform, and a wide-ranging programme of governance. An Infrastructure Reconstruction Programme (SLIRP) is providing support to the re-establishment of government services in newly accessible parts

of the country by building or rehabilitating key infrastructure. In addition, a Media Development Project (MDP) is contributing to the enhancement of media efficiency and effectiveness; and a Law Development Project (LDP) is focusing on the restoration and strengthening of the legal institutional framework, including an update of the country's legal code.

On 13 November 2002 the UK announced that it would continue to stand by Sierra Leone and provide bilateral support in a partnership based on a commitment by Sierra Leone to the building of a competent, transparent and open modern state. The government of Sierra Leone would be required to act in areas such as public administration reform, corruption, financial management, and security reforms. The UK committed itself to a ten-year programme of support, with a firm agreement to provide £120m worth of assistance over the next three years.

The agreement, known as a Poverty Reduction Framework Arrangement (PRFA) includes benchmarks to be achieved by both governments, initially for 2003. It also provides for direct support to Sierra Leone's government budget to be linked to progress against key reform issues. The money will come from a combination of bilateral funds from the Department for International Development (DFID) budget, and from the Africa Conflict Reduction Pool, which is collectively funded and managed by DFID, the Foreign and Commonwealth Office and the Ministry of Defence.⁶

The United States of America has also provided significant support to Sierra Leone in addressing humanitarian needs, as well as in providing transitional assistance with the elections, the reintegration of those affected by the war, and economic reconstruction at community level.

In the past two years, the US has devoted approximately \$70m per year to these efforts, which have included:

- Over \$50m in food assistance.
- Over \$20m in disaster response, such as emergency shelter, rehabilitation of medical clinics, and distribution of seeds and tools to vulnerable communities.
- Providing ex-combatants and war-affected youth throughout Sierra Leone with life skills training, including instruction in health practices, conflict management, basic farming techniques, and self-awareness.

- Helping communities heal themselves through an integrated package of assistance that includes psycho-social counselling, trade skills training, community rehabilitation, and micro-credit.
- Logistic and technical support to the May 2002 elections.
- Assistance to the government and to diamond-producing communities with the aim to improve the management of their diamond resources.

In support of Sierra Leone's efforts to encourage the private sector, US ambassador Peter Chaveas announced in Paris that Sierra Leone is now fully eligible to receive benefits under the African Growth and Opportunity Act (AGOA). The Act provides duty-free access to US markets for African countries that meet its criteria. While Chaveas announced that the United States fully intends to remain engaged in Sierra Leone and assist with the country's economic and social redevelopment, he added that "due to the nature of our budget process, we are unable to project resource levels for 2003 and beyond".⁷

During the November 2002 Sierra Leone Consultative Group Meeting in Paris, France, other countries pledged a total of \$650m over the next four years in support of Sierra Leone's peace-building efforts. The major donors who made pledges at the meeting include, in addition to the UK, the European Commission, Germany, the UN, World Bank, African Development Bank and the Islamic Development Bank.

Unfortunately, Sierra Leone's reputation among some potential investors remains that of an unstable country that is both costly and risky to operate in. Many countries still issue advisories for travel to the country, suggesting that only 'essential business travel' should be undertaken. Investors are cautious about moving into the country due to the severe damage to infrastructure, and due to difficulties faced by investors who have made long-term commitments to Sierra Leone yet experience great trouble in obtaining fair treatment from government, which would allow them to operate profitably.⁸

Prior to 1995, Sierra Leone was among the world's most important producers of rutile. Sierra Rutile Limited (SRL) was the largest private sector employer and one of the government's most important revenue sources. Between 1990 and 1995, prior to its closure because of war, the mine contributed about 90 per cent of the country's export revenue, and employed more than 1,800 Sierra Leoneans.⁹

Working with external donors such as the US, the government of Sierra Leone is engaged in negotiations to re-open the mine by 2003, with production resuming by 2004. The re-launching of SRL under new ownership will have a very positive direct impact on the economy and will convey the message that major investors have confidence in Sierra Leone.

Extension of government to the interior

The challenge of re-establishing government control in the interior is a fundamental one, against the background of a vacuum in state administration that has existed since the abolishment of the district councils in 1972. On top of this, many districts, including Kailahun, Kono and Magburaka, have been hostile towards the central government since the start of the war. Unlike insurgent movements elsewhere in Africa, the Revolutionary United Front (RUF) did little to establish alternate government structures. In some places, such as Port Loko (which was a hot spot during the war), the government of Sierra Leone and the Civil Defence Force (CDF) eventually won out and established a form of control over the district. On the other hand, places such as Rogberi Junction changed hands between ten and fifteen times during the course of the war, and the town has been completely destroyed. But few government structures have survived intact, even in places where the government was in control.¹⁰ The government is attempting to deploy officials to all the districts, but this is a difficult undertaking given the extreme paucity of accommodation and facilities for officials in many of the districts.

More positively, military observers in the towns of Port Loko, Moyamba and Mile 91 (western Sierra Leone), have reported calm, stability, and ongoing economic activity within the local communities. In Port Loko, trading activities have returned to normal in the area of the country's northern border with Guinea. Demobilised ex-combatants have become actively engaged in farming and fishing activities, and good progress has been made in extending government authority in the area.¹¹

The Republic of Sierra Leone Armed Forces (RSLAF) and the police have been deployed in these areas. They are maintaining good working relationships with the local population and are also participating in community-based projects in the neighbouring district of Kambia.

The challenges of turning a Freetown-focused government towards its outlying areas is complicated by a poor concept of public administration and the

process of governing a country where road travel reduces short distances to mammoth journeys, and telecommunications and utility infrastructure remains largely non-existent outside Freetown. Additional challenges are financial – it is more expensive to run a decentralised government that reaches across the country – and motivational. Moreover, it has been noted that a great part of the Sierra Leone cabinet is far older than the national demographic average (closer to 60 than 25), and that a lack of dynamism among authorities could pose a greater challenge to governance than corruption.¹²

The plans currently on the table for re-establishing civil authority are being implemented. During 2002 significant progress was made with the assistance of UNAMSIL and UNDP to consolidate state authority throughout the country. Ninety-six paramount chiefs or regent chiefs returned to their chiefdoms; over 50 district officials returned to the districts; and magistrates' courts have started to function in Port Loko, Kenema, Bo, Makeni, and Western Area. However, many officials at the district level lack the most basic logistical support to discharge their functions effectively. The return of district officials to deal with key sectors such as health, water, sanitation, education, land and housing is hampered by very poor living conditions and the absence of office facilities.¹³

Elections have been highlighted as an important step in the process of re-establishing local officials chosen by the local communities. The process has started with elections for 63 paramount chieftain positions that were vacated during the war due to flight or death of the incumbents, positions that are currently occupied by regent chiefs. These elections are the first chieftaincy elections since 1992 and at the time of writing were to take place between December 2002 and January 2003. The first round of elections, held in Dasse Chiefdom in the south of the country on 2 December 2002, is "a sign of the restoration of civil authority ... and is symbolic of the return of normalcy".¹⁴ At the completion of the elections, the full number of 149 chieftaincies will be reached in Sierra Leone.

Paramount chiefs are an important part of governance in Sierra Leone, especially in the collection and management of taxes. The government has reiterated its commitment to upholding the sanctity and dignity of the paramount chieftain tradition as a cornerstone of its local government policy and one of the bases of its decentralisation strategy. A judicious and transparent mechanism as to how paramount chiefs are elected and installed in the first place is therefore considered to be very crucial to the implementation of local government policies and strategies. Paramount chiefs are elected for life by chiefdom councillors, who in turn are elected by the taxpayers of each chiefdom (see below).

The position of the government is not to create new ruling houses but to continue with established ruling houses that were in existence at independence in 1961. The question as to which candidates are eligible, is guided by the following norms:

- Any person born in wedlock to a rightful claimant, in a ruling house.
- A person who may be born outside wedlock but with direct paternal lineage to a rightful claimant in a ruling house.
- There shall be no room for adopted children as claimants to paramount chieftaincy.
- In establishing a legitimate claim to paramount chieftaincy the onus shall rest on the claimant to establish his eligibility to the satisfaction of the chieftaindom councillors.

As far as the councillors' lists are concerned, the known rule is that there shall be twenty taxpayers per councillor. The number of councillors in every chieftaindom shall correspond with the total number of taxpayers. For instance, where there are nine hundred councillors in a given chieftaindom, the corresponding number of taxpayers in such chieftaindom shall be estimated to be eighteen thousand. Fractions shall be rounded to the nearest whole of twenty. In the compilation of councillors' lists, any attempt to inflate the number of taxpayers in order to suit the scheme of things and thereby create an artificial increase in the number of councillors, shall be considered to be a fraud and grounds for disqualification.¹⁵

The extension of authority includes the re-establishment of district administration and district councils. To a large degree, district administration has been re-instated, with senior district officers in place and many representatives of line ministries (e.g. health and education) having returned. However, district councils still have some way to go. District councils were suspended in 1972 and only re-established in 2000. Elections are being planned for the first half of 2003 – the first to be held for 30 years.¹⁶ Once elected, district councils will have the powers and funds for local governance. The infrastructure at district level in Sierra Leone is almost non-existent in many places. While numerous police stations and prisons are under construction, district councils and magistrates courts also need to be built across the country. District recovery committees have been established. They include representatives of the paramount chiefs, the Sierra Leone Police (SLP), ex-combatants, property owners, and other community stakeholders. In contrast to the lack of cohesion of the dis-

tract governance structures, the RUF structures are still intact in many areas, posing a clear and immediate challenge for the new district councillors.¹⁷

In Kono district, for example, there is a district recovery committee that is working with the National Commission for Social Affairs (NACSA) to rebuild the district. Its current activities include:

- Rehabilitating schools and the district office;
- Rebuilding the Ministry of Education offices;
- Constructing or rebuilding courts and prisons;
- Building local market, health centres and water wells;
- Improving the water supply system; and
- Restoring electricity generation and supply to communities.

This list of work could be replicated for each of Sierra Leone's districts, to varying degrees. It represents an enormous undertaking and will rely on sustained donor support for many years, not only to build the infrastructure but, more importantly, to ensure that the procedures for governing at the district and local levels are reactivated.

Another challenge for the district councils is that large numbers of people are still resettling across Sierra Leone, stretching the ability of the councils to provide assistance to their populations. However, UNAMSIL has been using its civic affairs officers to provide support to the government of Sierra Leone at district level. These officers are working on administration, health, education, and with the private sector (e.g. banks). In addition, the civic affairs officers play an important role as ombudsmen, mediating between disputants on issues ranging from resettlement to confrontations between ex-combatants and paramount chiefs.

Dealing with corruption

Corruption is endemic in most post-conflict societies. Weak institutional structures, non-ethical behavioural patterns exacerbated by war, a semi-lawless environment, and a critical shortage of paying jobs, all combine to create a

ripe environment for corruption. The infusion of new money from the peacekeepers and a host of other external agencies serve to heighten the temptation and the stakes involved in corrupt practices. However, widespread post-conflict corruption will threaten economic reconstruction and jeopardise the country's political stability and prospects for longer-term peace. This is because corruption siphons money away from essential government services, scares off investment and inhibits development, and, ultimately, destroys much-needed confidence in the post-conflict political order.¹⁸

The issue of corruption, which is writ so large in recent analyses of barriers to good governance and recovery in Sierra Leone, is one that is spoken about openly by Sierra Leoneans from all walks of life. President Kabbah himself addressed the issue head-on in his inaugural speech after being returned to the presidency in May 2002. This is a positive sign – although petty corruption is rife throughout the officialdom, it was grand corruption that brought the house down.¹⁹

According to Dowden, corruption is still stronger than law in Sierra Leone – a root cause of the conflict that cannot be allowed to persist if there is to be a consolidation of peace:

However perverted and brutal the RUF became, its appeal for justice for the urban and rural poor struck a chord among thousands of half-literate, unemployable young people. Junior army officers and young soldiers who fought against the rebels found themselves to be much like their adversaries. Their common enemy was the Freetown elite – a mix of Sierra Leonean politico-entrepreneurs and bureaucrats, Lebanese businessmen and other foreigners. To the rebels, Freetown was the end of a pipe sucking out the wealth of this well-endowed country and sending it overseas, leaving millions living in Iron Age conditions.²⁰

Reducing the level of corruption in government is therefore a fundamental aspect of consolidating peace. Donors have responded to the challenge by assisting in the development of mechanisms to ensure greater government accountability. For example, the European Union has assisted the ministry of finance with establishing mechanisms to control revenue income and expenditure. New accounting systems for salaries and budgets have reduced the number of 'ghost' civil servants, and have narrowed down opportunities for padding budgets.²¹

The United Kingdom's Department for International Development has addressed the issue of high-level corruption by funding an anti-corruption commission made up of Sierra Leonean officials and British specialists. Established under the Anti-

Corruption Act of 3 February 2000, with extensive powers of search and arrest, the commission has collected clear evidence of deep corruption among civil servants and ministers. Working with British intelligence, it has tracked down bank accounts and secret correspondence, and gathered information that would otherwise have been well hidden.²² However, the commission lacks the power to prosecute, and in late 2001 members of the commission expressed frustration with government interference in its investigations.²³

In February 2002 the UK Secretary of State for International Development, Clare Short, responded by stating that Britain's commitment to Sierra Leone is dependent on ending corruption. During a speech in Freetown she received enthusiastic applause from civil society for stating up-front that: "the tradition of people seeking political office to line their own pockets and that of their family, rather than to improve the life of their country, is still widespread and endangers the future. This tradition of corruption must be brought to an end."²⁴

This warning should have carried some weight, in view of the fact that the UK has spent more than £150m on aid for Sierra Leone in the past ten years, and several million more on military assistance.²⁵ While the British and other donors may be providing half his government's budget, the International Crisis Group believes that President Kabbah, with his 70 per cent electoral majority, may not so easily be pressured into tackling the corruption issue. The International Crisis Group asserts that the anti-corruption commission continues to be used as a political tool by the president's inner circle, and see Kabbah's overtures to Libya as a possible attempt to diversify sources of financial support should the West impose too stringent conditions.²⁶

The commitment to establish transparent and effective governance should not, however, rest with donors alone. It means very little if there is insufficient public participation to ensure that government programmes respond to the will and needs of the people and remain channelled towards public, rather than private, ends. On the other hand, participation can produce little if government remains simply incapable of delivering the basic goods to the population, and it is probably for this reason that the screws have not been tightened on the government.

Control over the diamond industry

Until now, the country's natural wealth has been the preserve of warlords, foreign traders and mercenaries. The diamond areas of eastern Sierra Leone have historically hosted a multi-ethnic population, including Liberians, Fulani

and Mandingo traders, and Lebanese merchants. For example, an estimated 80 per cent of the residents of Kono district are illegal immigrants with false passports.²⁷ The level of social cohesion, localised power structures and trade and smuggling networks will have a deep impact on the government's influence in the diamond areas, and the youthful population remains among the most vulnerable and potentially volatile in future political configurations. The prolonged lack of social services such as health and education are a daunting obstacle to achieving any degree of social stability.

When diamonds were discovered in Kono district in 1930, Lebanese traders set up offices two years before the establishment of a colonial district office. The diamond industry subsequently became the linchpin of Lebanese business interests and a range of underground political activities.²⁸ In Kenema, almost all gem buyers' billboards lining the high street bear Lebanese names. In fact, 102 out of the 143 diamond buying shops are owned by Lebanese traders; and in Bo 65 out of a hundred shops are Lebanese-owned. Oddly enough, only 18 Lebanese nationals in Sierra Leone hold official dealer licenses.²⁹

For years, miners or traders have travelled to Kenema to sell rough diamonds for a fraction of their eventual value in Antwerp or Tel Aviv. The trade has made a few people very wealthy, and has opened a gaping divide between the dirt-poor majority and a super-rich elite able to send children to school in Britain or the United States. Redressing that inequality became a ready rallying cry for Foday Sankoh and his fighters, but they soon became part of the problem. Armed gangs from both government and rebel militia were alternately fighting and mining side by side in a frantic search for gems that could be easily sold and exported.³⁰

Past efforts by government at redressing the situation have always been woefully inadequate. For example, policies included restricting alluvial mining and agents' licenses to Sierra Leone nationals, and the banning of non-nationals from travelling to mining areas. However, many non-indigenous Sierra Leoneans have acquired Sierra Leone passports that allow them to participate directly in mineral extraction and trade.³¹

A different kind of inequality is created by the mining of diamonds from kimberlite pipes, which is beyond the technological means of local entrepreneurs, and is a part of the industry that became dormant during the latter years of the war. Because of the capital-intensive nature of this type of mining, it remains the preserve of foreign companies.

On 9 August 2001 the government announced that the Canadian-registered company, DiamondWorks Ltd. (which was forced by the fighting to abandon its Kono operation in 1997) would resume diamond mining in Kono with at least a \$40m investment. The company has a 60 per cent stake in a 25-year renewable lease, known as Koidu Property, that grants the company exclusive rights to carry out exploration and mining activities in respect of diamonds, gold and associated minerals. The main part of the DiamondWorks concession in Koidu involves two kimberlite pipes. The government expects the annual output from kimberlite mining to be about 300,000 carats, worth well over \$30m.³² DiamondWorks is expected to resume production in 2003, once it has completed repairs to the badly damaged Koidu site and equipment. The company has promised that the local community will benefit from its operations, and that it will employ a substantial number of people, including a 'fair number' of Sierra Leone citizens.

Another Canadian-registered company, Rex Diamond Mining Company, has announced its return to operations in Sierra Leone. Rex acquired titles (which are due to expire in 2019) to properties in Tongo Field and Zimmi from the government in 1994. After some disputes in 1999 and 2002 about the validity of these leases, Rex announced in October 2002 that the issues had been resolved, and that it would soon begin with mining operations in Zimmi.³³

According to a DFID study, diamond output is estimated to increase to between 750,000 and one million carats a year within the next four or five years, with the value of exports also rising from approximately \$50m (for 2002) to around \$180m by 2006. Importantly, these estimates are contingent upon significant gains in the fight against corruption within the industry and the officialdom.³⁴ These figures are actually quite conservative, compared to a 2001 government-estimated production level of \$70m per year before the re-opening of the kimberlite mines was factored into the equation.³⁵ But the benefits for local communities from both types of mining depends largely on the government's ability to tax the product and redistribute the income derived to the people of Sierra Leone – especially those living in the diamond producing areas.

Taxation, licences and community development

While the total value of registered diamond exports was US\$4.2m for June 2002, and US\$4.9m for July 2002, this generated only US\$137,000 in revenue for the government, representing 0.75% of the total value of exports.

The total export duty on diamonds from Sierra Leone is a surprisingly low three per cent of the value of exports, and is calculated as follows:

- 0.75% to the government as a general tax;
- 0.75% for gold and diamond evaluation fees;
- 0.75% for the Mining Community Development Fund;
- 0.4% to the DCI (an independent evaluator from the UK); and
- 0.35% for monitoring fees (for government inspectors).³⁶

The 0.35% for monitoring reflects a dearth of trained mines monitors and wardens employed by the Ministry of Mineral Resources (78 at present, compared to a pre-war high of 108). Moreover, these wardens and monitors are poorly paid, which provides a strong incentive for corruption.³⁷

Revenue from the 0.75% tax for the Mining Community Development Fund is distributed among the chiefdoms of the mining areas in proportion to the number of mining licenses held in each chiefdom. Although some \$195,000 had been distributed in this manner by the end of 2001, little has been used for the benefit of the various communities. Much of the money has been mis-managed or embezzled by chiefs who were displaced during the war and have little attachment to their people.³⁸

The low overall level of taxation, though bemoaned by many Sierra Leoneans, is apparently not unique to the country. Because of the ease with which diamonds can be smuggled, tax increases throughout the diamond-producing world have been accompanied by an increase in smuggling. The three per cent tax level is therefore more or less the norm for rough diamond exporting countries.³⁹

Commenting on the poor revenue accruing to government from diamond exports, versus the control and security challenges presented by the diamond industry, an official from the president's office ventured that if it were up to him, he would close all the diamond fields. On reflection however, he noted that this was not really an option, as "... new alluvial diamond deposits are being found all over the country – everybody's digging...".⁴⁰ The alternative then offered was for the government itself to buy the total monthly diamond production. This would require an outlay of some \$5m, but would generate

about ten per cent return in profit – a great deal more than the present 0.75% income to the government coffers.⁴¹ Some governments of diamond-producing countries, such as Botswana, do indeed participate financially in the mining and marketing of diamonds – some with stakes as high as 50 per cent.⁴²

Although there are more than a hundred licensed diamond dealers in Sierra Leone, there are only 39 licensed exporters – nine of whom are non-Sierra Leoneans. Indigenous exporters accounted for only eight per cent of total exports in 2001. As diamond exporting requires a substantial initial capital outlay, such poor performance is perhaps to be expected in a situation where the banks are loathe to lend money to indigenous Sierra Leoneans.⁴³ However, it is not clear who the exact beneficiaries are of the profits made by the 30 local licensees, as the licensing fee structure provides an incentive for local partnerships or the engagement of front-men. Expatriates have to pay \$20,000 per year for their licences, whilst the fee for locals is only \$5,000 per annum. It is thus fairly commonplace for expatriates to acquire export licences under the name of their drivers or other local contacts – a practice to which “everyone turns a blind eye”.⁴⁴

The simple fact is that few locals can afford mining licenses – one of the most salient grievances articulated by unemployed youth. In Kono, where dislocation was almost total, and where most chiefs have little standing amongst returnees, the Movement of Concerned Kono Youths (MOCKY), formed in 1999, has emerged as a force to be reckoned with. Disgusted by government apathy in the face of the destruction suffered by the district, MOCKY wants all foreigners, particularly Lebanese, out of the district. While maligned (and feared) by many in Freetown, MOCKY is actually generally supportive of government, except on the issues of mining permits, access of immigrants to mineral wealth, and the lack of policies and programmes which would result in money being ploughed back into the Kono community.⁴⁵

According to MOCKY, their movement is feared by local chiefs because they are part and parcel of the bad governance that has led to the ruin of the town of Koidu and the district of Kono – an area that should rightly be the ‘bread basket’ of Sierra Leone. They are now exerting pressure on government to rehabilitate the power supply, the hospital, schools and other essential public services that were destroyed.

The movement points out that mining has been going on for 70 years, based on agreements with big companies such as Branch Energy, but with no consultation with the local people who face the negative environmental impact of

kimberlite mining. They are also sceptical of DiamondWorks's professed sense of social responsibility, claiming that the company has been recruiting workers in Freetown, and not from Kono. Thus MOCKY feels strongly that discussions on mining and mineral concessions must be conducted in Freetown and Koidu.⁴⁶

The disappointingly limited benefits of diamond mining for community development is, of course, greatly exacerbated by the illegal trade in diamonds, and the loss of potential government revenue from this quarter. Illicit diamonds are still being exported via places such as Banjul, Conakry and Monrovia, with smugglers able to bribe officials, and not deterred by penalties that are considered not nearly harsh enough.⁴⁷ The UN team of experts that visited Sierra Leone in September 2000 estimated the volume of the illicit diamond trade between \$25–\$125m a year. Sierra Leone officials estimate that up to 60 per cent of diamond production is still being smuggled out of the country, mainly to Guinea and The Gambia.

As United States Ambassador Chaveas noted at the Paris consultative meeting in November 2002:

The system for tracking stones from the time they are mined to the time they are exported is inadequate. This is due, in part, to the current quality of monitoring and enforcement. There is no reliable means to track leakages from the system (i.e., smuggling) or illegal entries (e.g., stones smuggled into Sierra Leone from Liberia). Smuggling cheats the government and communities of their allocations of export taxes and puts the stones into the hands of actors who may have illicit motives, such as money laundering, tax evasion, or arming of criminal or terrorist groups.⁴⁸

Certification

Given the history and nature of the diamond industry in Sierra Leone, the fragility of the government, and its inability to effectively police the diamond producing areas, there is some hope that regulation, through the type of demand-side controls evolving from the 'Kimberley Process',⁴⁹ will prove more effective than short-term attempts to impose strict 'supply-side' controls.

A Diamond Certification Regime was instituted for Sierra Leone in September 2000, about four months after UN Security Council resolution 1306 placed a

ban on Sierra Leone diamond exports, pending the development of a certification system.⁵⁰ Having been criticised for ignoring the problem of conflict diamonds, the Belgian Diamond High Council assisted the Sierra Leone government in creating a rather detailed and sophisticated regime that provided *inter alia* for the appointment of an independent valuator in addition to the Sierra Leonean diamond evaluator. Under the scheme, all diamonds exported have to be accompanied by a certificate of origin, signed by officials of the mineral resources ministry and the central bank.

Since the implementation of the certification system, there has been a dramatic increase in official diamond exports. In 1999, official exports amounted to a total of \$1.3m. This figure jumped to \$25.9m (for 210,675 carats) for the period from October 2000 to September 2001. The figure of \$26m for the period January to December 2001 is 20 times the amount exported in 1999. The 2001 figure of 220,000 carats is the highest export volume the country had seen since 1996. Present projections are towards 300,000 carats in the near future, a level last seen in 1992 at the beginning of the war.⁵¹

Nevertheless, this figure is still considered to be below the country's export potential. The government therefore hopes that globalisation of the certification system will lead to a corresponding dramatic reduction in smuggling, and a corresponding increase in exports. Some progress was made in this direction on 4 November 2002, when a total of 52 countries agreed in Interlaken, Switzerland, to adopt an international certification scheme designed to stop the flow of conflict diamonds into world markets.⁵²

The implementation of the Kimberley Process Certification Scheme will mean that all rough diamonds passing through or into a participating country must be transported in a sealed container and labelled with a certificate of origin. Under the scheme, chaired by South Africa, diamond-producing countries are obliged to issue certificates proving that gems come from legitimate mines. Exporting countries that fail to respect the deal would be prevented from selling diamonds and could face international sanctions. According to the South African minerals and energy department: "The certification process will impact on everyone who has something to do with diamonds. The new system is probably one of the most comprehensive attempts to regulate the trade in diamonds and, hopefully, [will stem] the trade in illegal stones."⁵³

The certification was officially launched on 1 January 2003. The countries that have not implemented the scheme will be excluded from the international diamond trade. However, only thirty-five countries signed the Kimberley

Agreement on 5 November. Six countries said they were not in a position to implement the scheme at this time. Significantly, countries in conflict, such as the Republic of Congo and Central African Republic (considered major diamond-smuggling centres) have not agreed to implement the certification process. Moreover, while analysts agree that the system is a good one, they also point to its major weakness, which lies in the failure to develop strong verification and monitoring measures. According to Sargentini:

This is more like a Christmas tree without lights. The Kimberley Process is merely a framework to regulate the diamond trade. Without an independent audit to monitor how these certificates are issued and to whom exactly, the entire process becomes flawed. As it stands, anyone can apply to be part of the certification process, including rebels.⁵⁴

It is thought that such a monitoring system could be operated either by an independent auditing firm or a third country. Although ministers at the meeting had alluded to the adoption of an independent monitoring system, the meeting ended without a clear commitment of how such a system would work. While some countries, among them Botswana, Namibia and the European Union members, were in favour of a monitoring system, many of the others meeting in Interlaken were opposed to it. There is a possibility, however, that further international meetings in early 2003 will lead to a system being put in place.

Conclusion

Sierra Leone's recovery from decades of economic meltdown and political and social upheaval will depend to a great extent on how it manages the vitally important extractive sector and, in turn, on how successful it is in reducing corruption and criminality in the diamond industry. The mismanagement and misappropriation of funds disbursed to chieftanships through the Mining Community Development Fund demonstrates that there is a clear linkage between the issues of minerals, corruption and the improvement of governance, though paramount chiefs and district councils that are held accountable to the electorate.

Partnership Africa Canada (PAC), in its report confronting the somewhat taboo issue of Lebanese domination of the Sierra Leone retail economy in general, and the diamond trade in particular, recommends that the Lebanese community

should itself make a strong effort to curb corruption and foster a much stronger sense of responsibility for community upliftment and nation-building. However, the benefits of a suggested mechanism for ‘naming and shaming’ corrupt and exploitative Lebanese businessmen need to be balanced with the dangers of awakening dangerous xenophobic sentiments in a wounded and still volatile society. On the other hand, Lebanese domination of the retail sector surely needs to be addressed head-on, as it apparently restricts the empowerment of indigenous entrepreneurs with some chance of upward mobility in the private sector. If this issue continues to be side-stepped, there is likely to be a very exploitative twist to the UNDP’s plan to increase employment through economic growth, led by private sector investment in labour-intensive enterprises.

A very practical and positive recommendation by PAC is for the development of education, public awareness and training programmes for people who live and work in the diamond areas. The focus would be on helping communities to understand their rights and obligations in relation to the diamond trade, as well as on training for legitimate diggers in diamond evaluation. Such programmes could lead to fair prices being paid to producers, and to other voices joining the likes of MOCKY in insisting that the industry adds value to their communities.

Ultimately, however, one has to be realistic about what can be achieved through outside intervention in a soft state and a devastated post-war environment. The short- to medium-term goal should be to create a minimally capable state, not to build a nation or to address all the root causes of the past conflict – including corruption. The latter requires a longer-term process that is clearly beyond the scope of what external actors can achieve or lead; it has to be led and achieved by local actors themselves. A ‘70 per cent solution’ is, after all, better than none.

Notes

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- 6 UK Department for International Development Press Release, *Britain Commits to Partnership for Reconstruction with Sierra Leone*, 13 November 2002. <<http://www.dfid.uk.gov/>>
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- 8 US Embassy Press Release, 20 November 2002.
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- 12 Interview with representative of local government, Kono District, 27 August, 2002.
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- 15 Sierra Leone Government, Office of the President, Government Statement, *Conduct of Paramount Chieftaincy Elections*, Freetown, 6 November 2002.
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- 33 L Gberie, op cit, p 19.
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- 38 Ibid, pp 7–8.
- 39 Ibid, p.21.
- 40 Interview with Mr. Muhammad Mustapha, op cit.
- 41 Ibid.
- 42 L Gberie, op cit, p 21.
- 43 Ibid, p 7.
- 44 Interview with Mr. Muhammad Mustapha, op cit.
- 45 Interview with Mr. Funba, MOCKY leader, Koidu, 28 August 2002.
- 46 Ibid.
- 47 Interview with Mr. Muhammad Mustapha, op cit.
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